

**J00E00**  
**Motor Vehicle Administration**  
**Maryland Department of Transportation**

***Executive Summary***

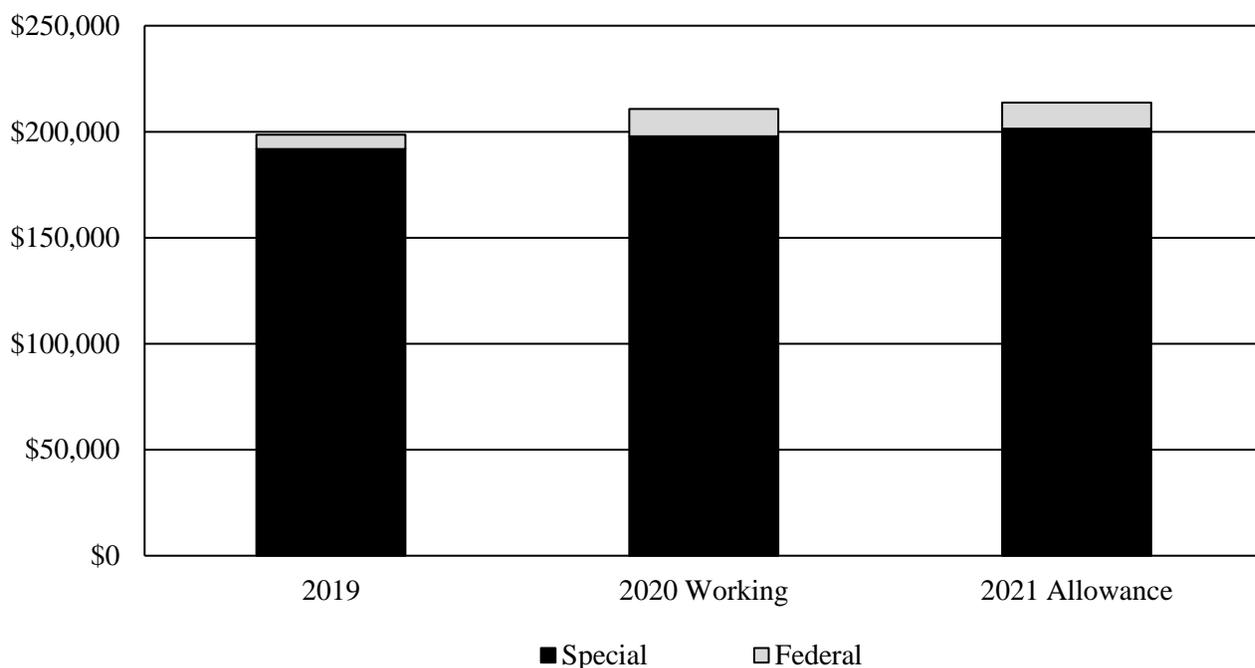
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The Motor Vehicle Administration is responsible for supplying motor vehicle services to the citizens of Maryland, including driver license services, registration and titling of vehicles, administering vehicle inspection and driver safety programs, and the regulation of businesses related to the sale and rental of motor vehicles and the training of drivers.

***Operating Budget Summary***

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**Budget Increases \$3.1 Million or 1.5% to \$213.8 Million in Fiscal 2021**  
**(\$ in Thousands)**

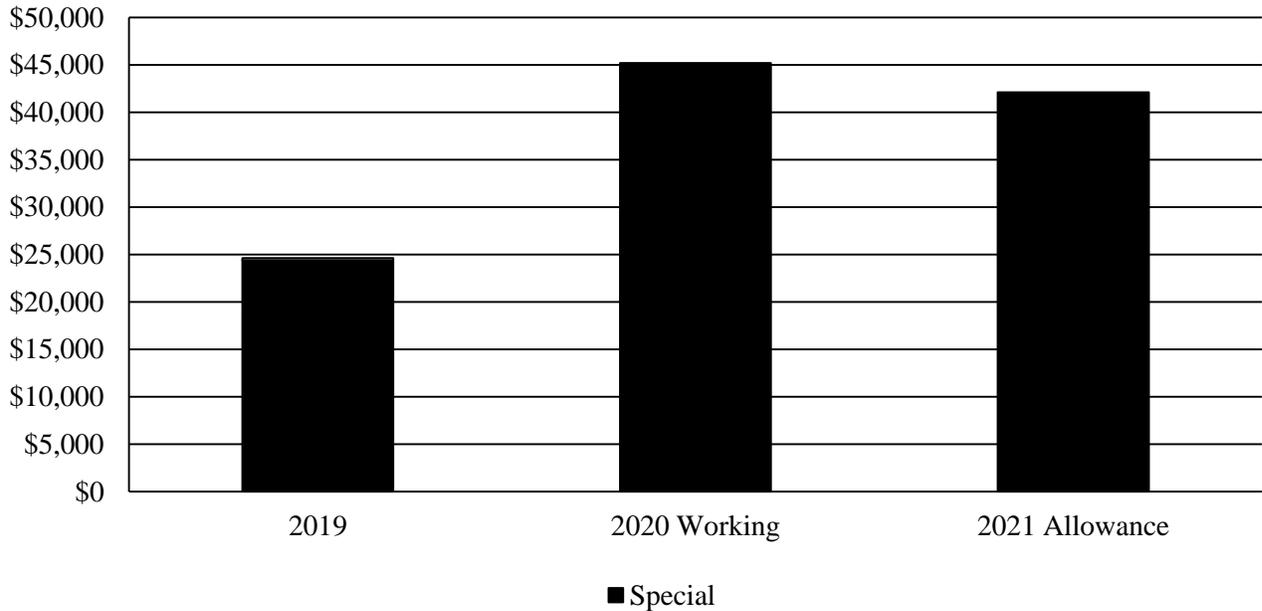


Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

## ***PAYGO Capital Budget Summary***

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### **PAYGO Capital Budget Decreases \$3.1 Million or -6.8% to \$42.1 Million in Fiscal 2021 (\$ in Thousands)**



PAYGO: pay-as-you-go

Note: Numbers may not sum due to rounding.

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## ***Key Observations***

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- ***REAL ID Act Deadline Is October 1, 2020:*** The REAL ID Act is a federal law passed by the U.S. Congress in response to 9/11. It established specific minimum federal standards for state-issued drivers' licenses and identification cards to be accepted for certain federal purposes. This includes entering federal buildings and boarding a domestic commercial airplane. Enforcement of the REAL ID Act at the individual level begins on October 1, 2020.

## **Operating Budget Recommended Actions**

1. Adopt narrative requesting a report on Maryland REAL ID Act implementation.

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**Motor Vehicle Administration**  
**Maryland Department of Transportation**

## ***Budget Analysis***

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### **Program Description**

The Motor Vehicle Administration (MVA) is responsible for supplying motor vehicle services to the citizens of Maryland. These services include:

- licensing all commercial and noncommercial drivers;
- registering and titling vehicles;
- issuing tags and permits for persons with a disability;
- issuing photo identification cards for nondriver residents;
- regulating motor vehicle dealers, sales staff, vehicle rental companies, driver education schools, and drivers education instructors;
- administering the compulsory insurance compliance program, Vehicle Emissions Inspection Program (VEIP), and driver safety programs; and
- coordinating the State's highway safety efforts.

## ***Performance Analysis: Managing for Results***

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### **1. Efficient Management Practices through Technological Enhancement**

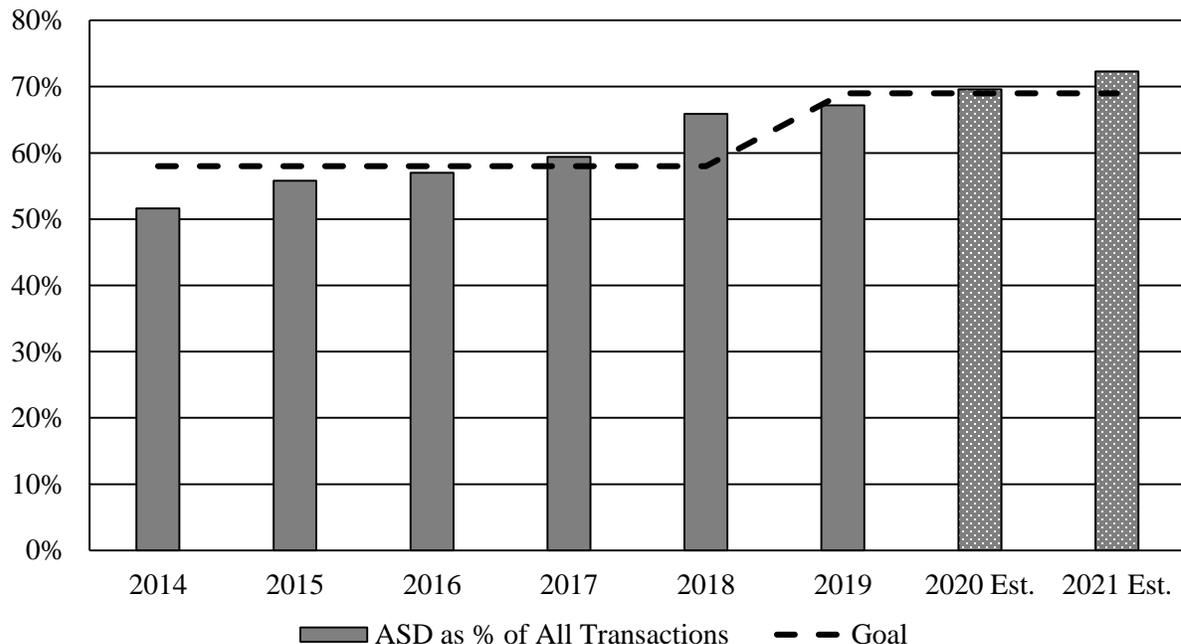
MVA's mission is to provide exemplary driver and vehicle services that provide Maryland mobility and safety while enhancing process and product security. MVA strives to implement efficient and effective management processes in pursuit of this mission.

MVA continues to make significant information technology (IT) investments to improve outdated systems and increase the number of alternative service delivery (ASD) transactions performed as a way to reduce customer wait times and improve the customer experience, which are transactions performed online via the MVA eStore, at MVA kiosks, by mail, or via the telephone call center. Examples of new ASD services include (1) a REAL ID status look-up tool; (2) the ability to review whether driving privileges are suspended prior to obtaining a copy of one's driving records, as well as the ability to print a list of the applicable suspensions; (3) the sale of CharmCards; (4) provisions

through which commercial driver’s license holders can obtain drivers’ services products; and (5) the ability to renew dealer’s tags though the MVA eStore. In addition, MVA modified the eStore and kiosks to alert customers by email regarding transactions made through these sources as a means of fraud prevention and show the customer’s current address when performing a duplicate transaction to ensure that the user enters the correct address in subsequent transactions.

In fiscal 2019, 67.2% of all transactions at MVA were completed via ASD, up from 65.9% in fiscal 2018. This increase can be seen in **Exhibit 1**. MVA also adjusted its goal for this measure up to 69% in fiscal 2019. While falling short of this measure in fiscal 2019, the Maryland Department of Transportation (MDOT) projections indicate that MVA will hit this new goal in fiscal 2020 and 2021.

**Exhibit 1**  
**ASD Transactions as Percent of All Transactions**  
**Fiscal 2014-2021 Est.**



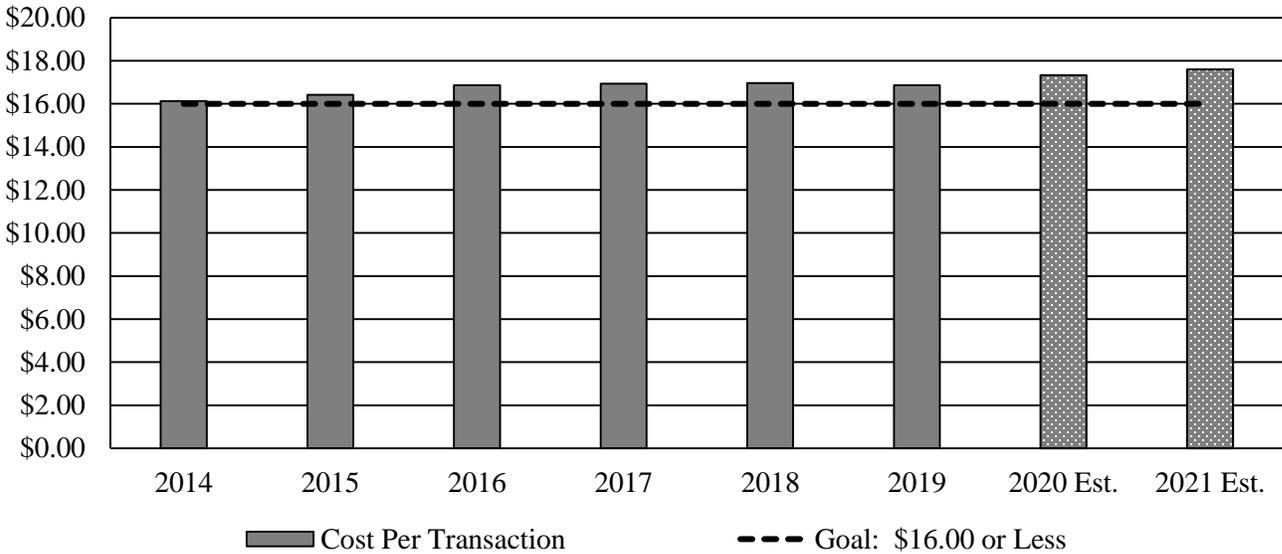
ASD: alternative service delivery

Source: Department of Budget and Management

Another indicator of the efficiency of MVA business practices is the average cost per MVA transaction. **Exhibit 2** demonstrates that MVA’s goal is to keep this amount at or below \$16.00. The upward trend in the average cost per transaction did stop in fiscal 2019 with a slight decline to \$16.86. However, MDOT projections indicate that this number will rise again in both fiscal 2020 and 2021. This is due to the implementation of federal REAL ID licensing regulations under which customers are required to come to a branch office with their documents to be scanned. As a result of this process,

MVA is experiencing and will continue to experience an increase in branch-based transactions as all customers become REAL ID compliant. Additionally, due to the REAL ID verification process, not all transactions will result in the purchase of a product, such as a license renewal or a new license, but the cost is still incurred by MVA.

**Exhibit 2**  
**Average Cost Per MVA Transaction**  
**Fiscal 2014-2021 Est.**



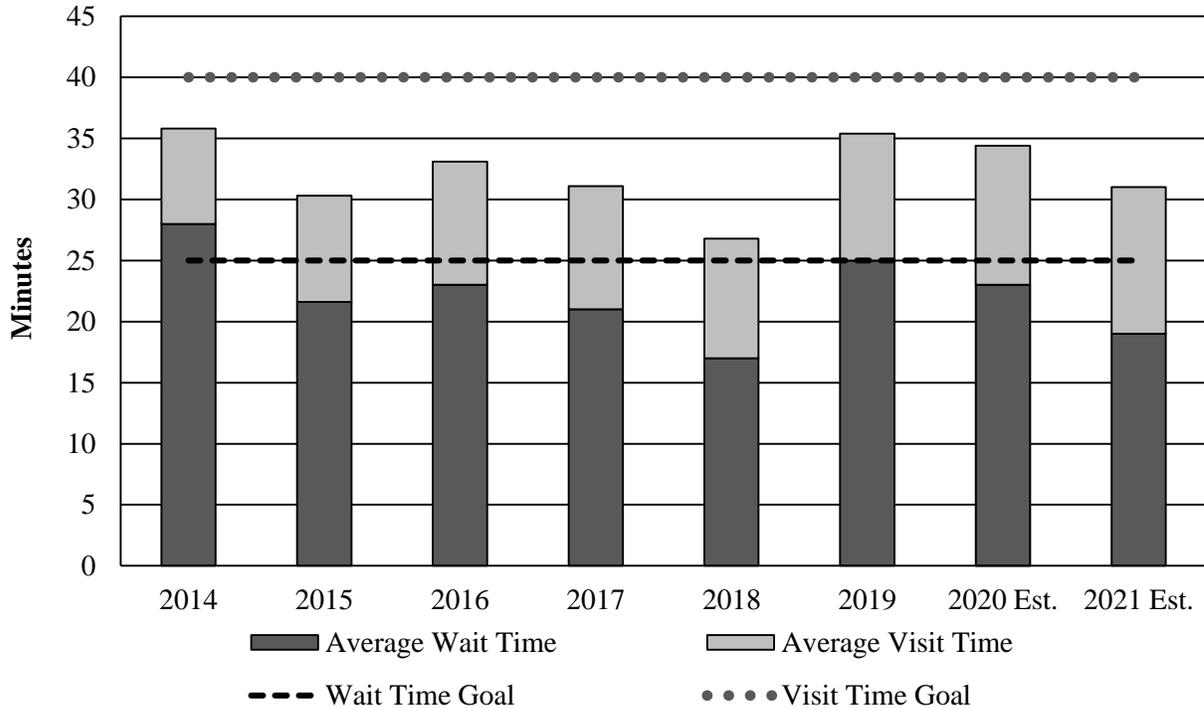
MVA: Motor Vehicle Administration

Source: Department of Budget and Management

## 2. Exemplary Customer Service

MVA strives to keep the average customer wait and visit time at MVA branch offices to 25 and 40 minutes, respectively. Wait time is the time from when a walk-in customer (*i.e.*, a customer who does not use a form of ASD to complete their transactions) receives a service ticket until the time that the ticket number is called, whereas visit time is the sum of the wait time plus the time that it takes to complete a customer’s transaction. **Exhibit 3** shows the performance for these measures for fiscal 2014 through the fiscal 2021 estimate. The average wait time in fiscal 2019 increased to 25 minutes from 17 minutes in the prior year. The average visit time increased in fiscal 2019 as well, from 25.8 minutes in fiscal 2018 to 35.4 minutes in 2019. However, the increase in the average visit time of 8.6 minutes is almost entirely driven by the 8 minute increase in average wait time. This indicates that MVA services are being provided in an amount of time that is consistent with past years, but that the capacity of MVA facilities is being taxed by the number of people seeking services.

**Exhibit 3  
Average Customer Wait and Visit Times  
Fiscal 2014-2021 Est.**

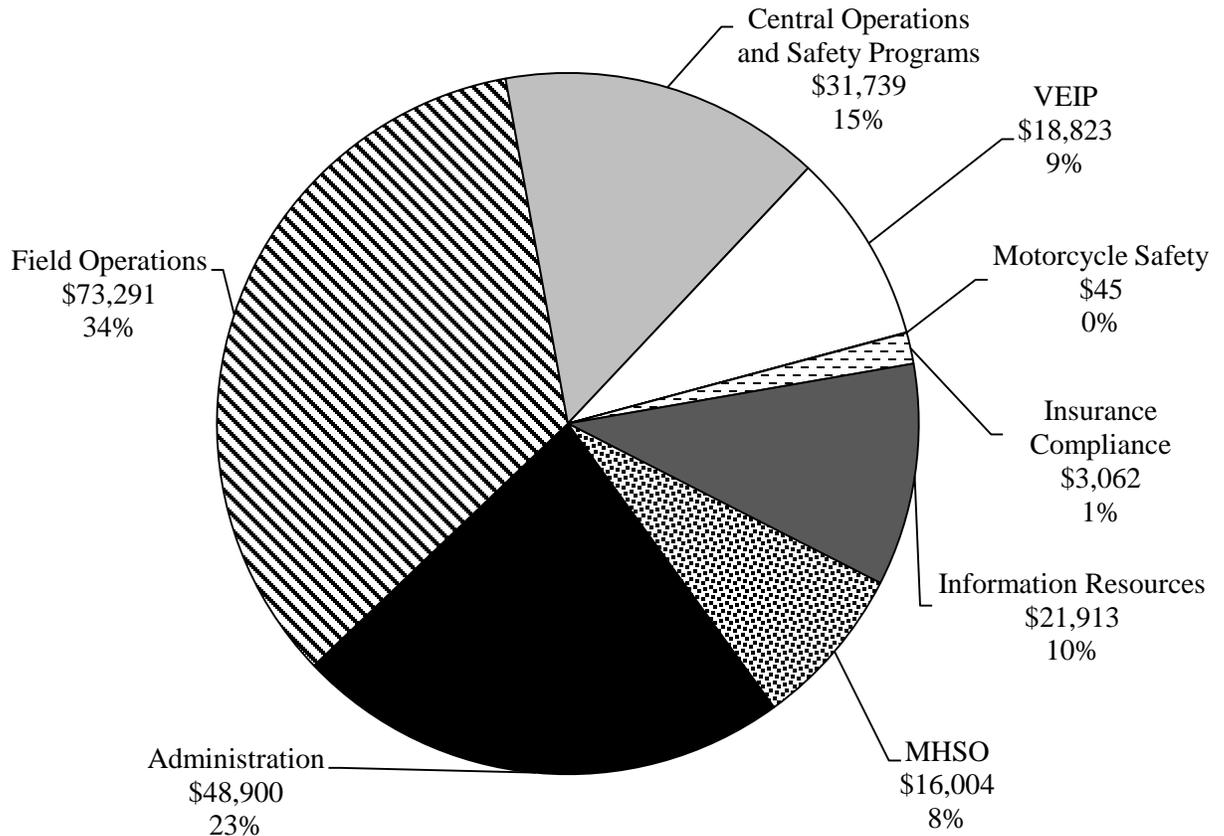


Source: Department of Budget and Management

**Fiscal 2021 Overview of Agency Spending**

The MVA fiscal 2021 operating budget allowance is \$213.8 million. Funding is a mix of both special funds from the Transportation Trust Fund and federal funds. As shown in **Exhibit 4**, MVA splits operating funding among eight subprograms: Administration; Field Operations; Central Operations and Safety Programs; VEIP; Motorcycle Safety; Insurance Compliance; Information Resources; and the Maryland Highway Safety Office.

**Exhibit 4**  
**Overview of Agency Spending**  
**Fiscal 2021 Allowance**  
**(\$ in Thousands)**



MHSO: Maryland Highway Safety Office  
VEIP: Vehicle Emissions Inspection Program

Source: Governor’s Fiscal 2021 Budget Books

**Proposed Budget Change**

The fiscal 2021 allowance increased by approximately \$3.1 million from the fiscal 2020 working appropriation. **Exhibit 5** shows that this increase is a 1.5% change over the prior year. This is primarily due to increased personnel expenses associated with salary increases and additional personnel resources needed for driver’s license renewals and REAL ID transactions.

**Exhibit 5**  
**Proposed Budget**  
**MDOT – Motor Vehicle Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Total</b>
Fiscal 2019 Actual	\$191,867	\$6,654	\$198,520
Fiscal 2020 Working Appropriation	197,760	12,920	210,680
Fiscal 2021 Allowance	<u>201,505</u>	<u>12,273</u>	<u>213,777</u>
Fiscal 2020-2021 Amount Change	\$3,745	-\$647	\$3,097
Fiscal 2020-2021 Percent Change	1.9%	-5.0%	1.5%
 <b>Where It Goes:</b>			<b><u>Change</u></b>
<b>Personnel Expenses</b>			
Fiscal 2021 salary increase.....			\$965
Employees’ retirement system .....			707
Health insurance.....			697
Additional resources needed to process increased driver’s license renewals and REAL ID transactions.....			1,241
Fiscal 2020 adjustments .....			458
Retiree health insurance premiums .....			166
Workers’ compensation .....			60
Law enforcement officer pension system .....			28
Shift differential .....			4
Unemployment compensation.....			-1
Social Security contributions .....			-26
Turnover adjustments.....			-69
Rebasing salaries for entry-level hires .....			-341
 <b>Other Changes</b>			
Increases in IT systems fees and maintenance costs .....			1,043
Increases in costs associated with credit card transaction fees .....			732
Accounting adjustment for misallocation of healthcare costs.....			260
Increases in janitorial service costs .....			143
Contractual health insurance.....			73
Increases in costs for security services at MVA facilities.....			70
Other adjustments .....			66
Decreases in costs for microfilming contracts .....			-115

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Utilities and fuel.....	-141
Building and road repair contracts .....	-176
Reduction in printing costs .....	-409
Reallocation of resources to personnel for handling REAL ID transactions .....	-566
Decreases in computer maintenance contracts.....	-176
Reduced contractor support of legacy mainframe due to Customer Connect project.....	-1,595
 <b>Total</b>	 <b>\$3,097</b>

IT: information technology  
MDOT: Maryland Department of Transportation  
MVA: Motor Vehicle Administration

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

***Operating and PAYGO Personnel Data***

	<b><u>FY 19</u></b> <b><u>Actual</u></b>	<b><u>FY 20</u></b> <b><u>Working</u></b>	<b><u>FY 21</u></b> <b><u>Allowance</u></b>	<b><u>FY 20-21</u></b> <b><u>Change</u></b>
Regular Operating Budget Positions	1,707.50	1,707.50	1,707.50	0.00
Regular PAYGO Budget Positions	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Regular Positions</b>	<b>1,707.50</b>	<b>1,707.50</b>	<b>1,707.50</b>	<b>0.00</b>
 Operating Budget FTEs	 0.00	 6.50	 6.50	 0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total FTEs</b>	<b>0.00</b>	<b>6.50</b>	<b>6.50</b>	<b>0.00</b>
 <b>Total Personnel</b>	 <b>1,707.50</b>	 <b>1,714.00</b>	 <b>1,714.00</b>	 <b>0.00</b>
 <b>Vacancy Data: Regular Positions</b>				
Turnover and Necessary Vacancies, Excluding New Positions		68.26	4.00%	
Positions and Percentage Vacant as of 1/1/20		90.00	5.30%	
 Vacancies Above Turnover		 21.74	 1.30%	

## PAYGO Capital Program

### Program Description

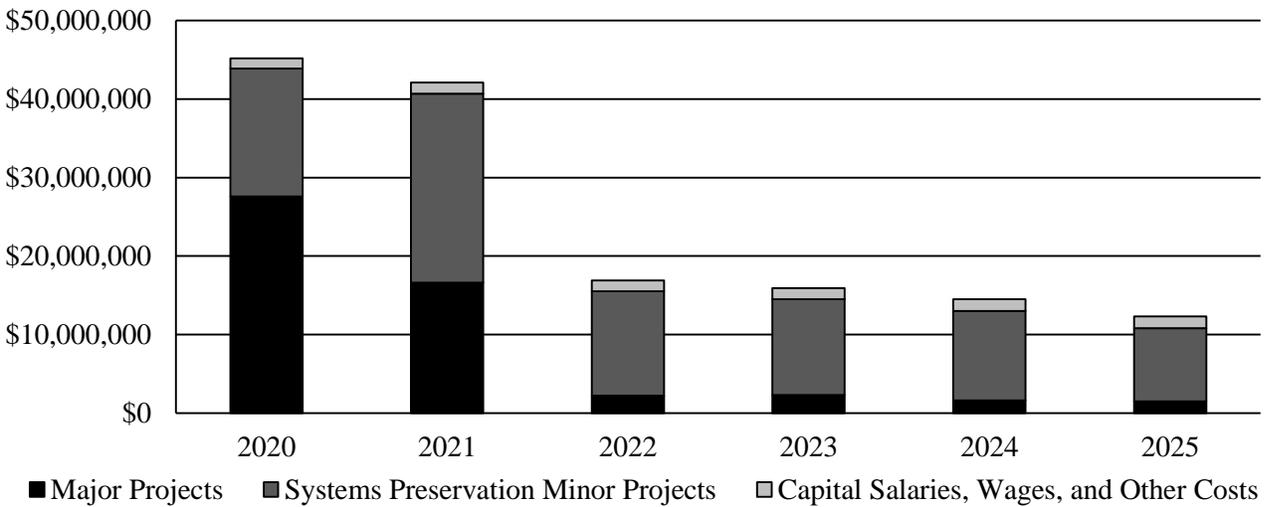
The Facilities and Capital Equipment Program provides funds for new capital facilities, renovations to existing facilities, the development of new major IT systems, and the purchase of capital equipment.

### Fiscal 2020 to 2025 Consolidated Transportation Program

The fiscal 2020 to 2025 Consolidated Transportation Program (CTP) for MVA totals \$147 million, which is an increase of \$3.6 million over the prior year’s six-year program. This is due primarily to increased funding for MVA’s Customer Connect IT modernization project.

**Exhibit 6** shows a major decrease in the out-years of the CTP, fiscal 2022 through 2025, which is driven by substantially reduced spending on the Customer Connect project. The CTP budget for this project drops from \$14.9 million in fiscal 2021 to \$0.5 million in fiscal 2022. Customer Connect is an MVA-wide IT project that is focused on modernizing IT infrastructure, replacing legacy systems, and enhancing customer services.

**Exhibit 6**  
**Six-year PAYGO Allowance**  
**Fiscal 2020-2025**



PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, Fiscal 2020-2025 Consolidated Transportation Program

### Fiscal 2021 Capital Allowance

**Exhibit 7** shows the programmed capital funds for the fiscal 2021 capital allowance by project and program along with total estimated costs and six-year funding for each program.

Exhibit 7  
**PAYGO Capital Allowance**  
Fiscal 2021

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2021</u>	<u>Total Estimated Cost</u>	<u>Six-year Total</u>
<b>Projects</b>				
Statewide	Alternative Service Delivery System	\$1,697	\$34,352	\$9,994
Statewide	Customer Connect	14,944	71,363	41,919
<b>Subtotal – Projects</b>		<b>\$16,641</b>	<b>\$105,715</b>	<b>\$51,913</b>
<b>Programs</b>				
Statewide	System Preservation and Minor Projects	\$24,100	n/a	\$86,600
Statewide	Capital Salaries	1,400	n/a	8,500
<b>Subtotal – Programs</b>		<b>\$25,500</b>	<b>n/a</b>	<b>\$95,100</b>
<b>Total – Projects and Programs</b>		<b>\$42,141</b>	<b>\$105,715</b>	<b>\$147,013</b>

PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, Fiscal 2020-2025 *Consolidated Transportation Program*

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## ***Issues***

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### **1. Maryland’s Experience with REAL ID Rollout**

The REAL ID Act is a federal law passed in the aftermath of 9/11. It established specific minimum federal standards for state-issued drivers’ licenses and identification cards to be accepted for certain federal purposes. These include entering a federal building and boarding a domestic commercial airplane flight. Currently, the provisions of the federal REAL ID Act are enforced via state-based enforcement, which allows for the use of a non-REAL ID-compliant driver’s license or identification card for official federal purposes.

Enforcement of the REAL ID Act at the individual level begins on October 1, 2020, at which point federal agencies will be prohibited from accepting, for an official federal purpose, a driver’s license or identification card from any individual unless such document is a REAL ID-compliant device issued by a compliant state. Maryland has been REAL ID compliant since 2011, however, it continues to work toward ensuring that all Maryland residents are compliant ahead of the October deadline. Individuals without a REAL ID-compliant device also have the option of using an acceptable alternative device. Acceptable alternatives include a passport (both United States and foreign government issued), U.S. Department of Defense identification (including identifications issued to dependents), a transportation worker identification credential, or a federal Personal Identification Verification (PIV) or PIV-interoperable card issued to federal workers (employees and contractors).

During Maryland’s rollout of the REAL ID requirements, 14,252 identifications were initially recalled by MVA starting July 10, 2019. As of December 3, 2019, 5,234 identifications were still under recall. Maryland identifications were recalled due to the changes required by the U.S. Department of Homeland Security to require scanned copies of documents rather than the verification process that was previously approved for MVA. The recall of identifications was prompted by the failure of identification holders to supply MVA with the documents required for new REAL ID-compliant identifications. When a Maryland resident was given an identification signified as REAL ID compliant but had not supplied the necessary documents, MVA made multiple attempts to contact the individual. MVA sent 10 notices prior to the recall notice being sent, 6 emails and 4 letters. Maryland residents then received 8 notices after the recall, 4 emails and 4 letters. Additionally, prior to the July 2019 recall, in June 2019, all noncompliant Maryland residents received a call by an MVA employee. When this failed, the IDs were then recalled. Residents who make an appointment to provide the required documents receive a reminder call by an MVA employee prior to their appointment.

**Given the potentially significant consequences for an individual that does not have a REAL ID-compliant identification, the Department of Legislative Services recommends the adoption of committee narrative requesting that MVA provide data prior to and following the October 1, 2020 deadline regarding the number of noncompliant Maryland residents, the number of outstanding recalled IDs, and the agency’s efforts to continue to pursue compliance for all individuals.**

## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Maryland REAL ID Act Implementation Report:** Federal law requires that starting October 1, 2020, all state-issued drivers' licenses and identification cards be in compliance with the REAL ID Act requirements if an individual seeks to enter a federal facility or board a commercial domestic airline flight. Due to the potential consequences for Maryland residents who are not in compliance with the REAL ID Act when the deadline passes, the budget committees request that the Motor Vehicle Administration (MVA) submit a pre- and post-deadline report regarding the implementation of the October 1, 2020 REAL ID deadline. These reports should include the number of Maryland residents not in compliance as of June 1, 2020, and November 1, 2020, respectively. The pre-deadline report should also include information on the number of outstanding recalled drivers' licenses and identification cards and MVA's efforts to meet the deadline, and the post-deadline report should include information on MVA's plan to deal with Maryland residents still not in compliance. The reports shall be provided by July 1, 2020, and December 1, 2020, respectively.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Pre-deadline report on REAL ID implementation	MVA	July 1, 2020
Post-deadline report on REAL ID implementation	MVA	December 1, 2020

## ***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1**  
**Object/Fund Difference Report**  
**Maryland Department of Transportation – Motor Vehicle Administration**

<u>Object/Fund</u>	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u> <u>Appropriation</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20 - FY 21</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Positions</b>					
01 Regular	0.00	1,698.50	1,698.50	0.00	0%
02 Contractual	0.00	6.50	6.50	0.00	0%
<b>Total Positions</b>	<b>0.00</b>	<b>1,705.00</b>	<b>1,705.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 123,676,762	\$ 128,368,474	\$ 130,833,710	\$ 2,465,236	1.9%
02 Technical and Spec. Fees	1,156,410	1,790,105	1,296,575	-493,530	-27.6%
03 Communication	7,099,599	7,518,156	7,425,191	-92,965	-1.2%
04 Travel	186,103	163,866	193,943	30,077	18.4%
06 Fuel and Utilities	1,884,483	2,131,141	1,990,173	-140,968	-6.6%
07 Motor Vehicles	333,293	319,870	328,540	8,670	2.7%
08 Contractual Services	49,092,035	50,622,781	49,463,070	-1,159,711	-2.3%
09 Supplies and Materials	1,581,518	1,194,374	1,218,071	23,697	2.0%
10 Equipment – Replacement	38,162	62,608	62,608	0	0%
11 Equipment – Additional	19,820	51,416	51,416	0	0%
12 Grants, Subsidies, and Contributions	4,206,764	9,332,067	9,629,552	297,485	3.2%
13 Fixed Charges	9,245,509	8,617,725	9,353,988	736,263	8.5%
<b>Total Objects</b>	<b>\$ 198,520,458</b>	<b>\$ 210,172,583</b>	<b>\$ 211,846,837</b>	<b>\$ 1,674,254</b>	<b>0.8%</b>
<b>Funds</b>					
03 Special Fund	\$ 191,866,535	\$ 197,253,570	\$ 199,579,183	\$ 2,325,613	1.2%
05 Federal Fund	6,653,923	12,919,013	12,267,654	-651,359	-5.0%
<b>Total Funds</b>	<b>\$ 198,520,458</b>	<b>\$ 210,172,583</b>	<b>\$ 211,846,837</b>	<b>\$ 1,674,254</b>	<b>0.8%</b>

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

**Appendix 2**  
**Fiscal Summary**  
**Maryland Department of Transportation – Motor Vehicle Administration**

<u>Program/Unit</u>	<u>FY 19 Actual</u>	<u>FY 20 Wrk Approp</u>	<u>FY 21 Allowance</u>	<u>Change</u>	<u>FY 20 - FY 21 % Change</u>
01 Motor Vehicle Operations	\$ 190,426,654	\$ 194,595,857	\$ 195,987,176	\$ 1,391,319	0.7%
03 Facilities and Capital Equipment	13,834,456	19,236,000	25,380,145	6,144,145	31.9%
04 Maryland Highway Safety Office	8,093,804	15,576,726	15,859,661	282,935	1.8%
08 Major IT Development Projects	10,811,479	25,979,000	16,743,855	-9,235,145	-35.5%
<b>Total Expenditures</b>	<b>\$ 223,166,393</b>	<b>\$ 255,387,583</b>	<b>\$ 253,970,837</b>	<b>-\$ 1,416,746</b>	<b>-0.6%</b>
Special Fund	\$ 216,267,958	\$ 242,468,570	\$ 241,703,183	-\$ 765,387	-0.3%
Federal Fund	6,898,435	12,919,013	12,267,654	-651,359	-5.0%
<b>Total Appropriations</b>	<b>\$ 223,166,393</b>	<b>\$ 255,387,583</b>	<b>\$ 253,970,837</b>	<b>-\$ 1,416,746</b>	<b>-0.6%</b>

IT: information technology

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

**Appendix 3**  
**Budget Amendments for Fiscal 2020**  
**Maryland Department of Transportation**  
**Motor Vehicle Administration – Operating**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$3,319,819	Special Fund	Increase for the general salary increase as authorized in fiscal 2020. The general salary increase represents a 3% increase effective July 1, 2019, and the annualization of the April 2019 increase of 0.5%.
	41,941	Federal Fund	
Approved	260,156	Federal Fund	This amendment corrects the fiscal 2020 federal fund legislative reduction for Section 44 between the State Highway Administration and the Motor Vehicle Administration.
Approved	34,468	Special Fund	Increase for the 5% general salary increase as provided for in the State Law Enforcement Officers Labor Alliance (SLEOLA) collective bargaining agreement.
Approved	7,092	Special Fund	Increase for the increment as provided for in the SLEOLA collective bargaining agreement.
<b>Total</b>	<b>\$3,663,476</b>		

Source: Maryland Department of Transportation

**Appendix 4**  
**Budget Amendments for Fiscal 2020**  
**Maryland Department of Transportation**  
**Motor Vehicle Administration – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$33,333	Special Fund	Increase for the general salary increase as authorized in fiscal 2020. The general salary increase represents a 3% increase effective July 1, 2019, and the annualization of the April 2019 increase of 0.5%.
Projected	1,321,960	Special Fund	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the Maryland Department of Transportation fiscal 2020 to 2025 final <i>Consolidated Transportation Program</i> .
<b>Total</b>	<b>\$1,355,293</b>		

Source: Maryland Department of Transportation